



STATE OF WASHINGTON  
**DEPARTMENT OF COMMUNITY, TRADE AND ECONOMIC DEVELOPMENT**  
ENERGY POLICY DIVISION

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Bonneville Power Administration  
P.O. Box 14428  
Portland, OR 97293-4428

OR

Submit comments via e-mail to [comment@bpa.gov](mailto:comment@bpa.gov), or submit on-line at  
<http://www.bpa.gov/comment>

Dear

We are pleased to have the opportunity to provide written comments on the issue of whether and how BPA should provide service to the Direct Service Industries (DSIs) in the next rate period, 2006-2011. We believe Paul Norman's letter of February 4, 2004, and the accompanying "BPA Straw DSI Service Proposal" does an excellent job of framing the issues. We have also consulted with participants in BPA's public forums on this issue and read many of the numerous documents BPA has produced.

Overall, we support continued service to DSIs. We believe that service should be subject to carefully delineated conditions, many of which BPA has proposed and we favor. We especially want to note our support for the following principles:

- Benefits must be capped.

It seems reasonable to us to cap the benefits, financial and power, to the DSIs in order to limit the risk to preference customers. This safeguard is clearly needed as we learned from our experience during the energy crisis when the contracts with the DSIs included no such safeguards. Without recommending a precise level for the cap, Bonneville's proposal is within a range we would find reasonable. We encourage you to carefully weigh the cost to other customers against the number of jobs that will be protected. The cost of maintaining these jobs should be reasonable and commensurate with efforts by the states to recruit and maintain other industrial sector employment.

- Benefits must not result in power costs to DSIs being lower than PF rate.

While it may be appropriate for BPA to provide a limited amount of power or equivalent benefits to DSIs at a rate comparable the rate they would receive if they were customers of consumer-owned utilities (and to provide service in a manner comparable to such service), there can be no justification to provide that power at a rate lower than the rate available for utilities to serve other industrial, commercial and residential customers. .

- The companies must be operating and employing workers in order to qualify for benefits.

Since a primary reason to provide benefits to DSIs is to retain the highly skilled, well-paid jobs resulting from an operating aluminum industry in the region, BPA is right to require that the “companies must be purchasing and consuming an amount of power in support of production operations to receive any Federal Columbia River Power System (FCRPS) benefits.”

In regard to other issues, we think that the monetization of a power sale, as BPA has proposed, is the most practical way to implement the DSI benefits. However, we urge BPA to be cautious about using local utilities as a vehicle for the delivery of the benefits. It is important that any change in this direction not increase the transactions costs of serving this load and not interfere with the orderly allocation of the federal system for long term contracts. Furthermore, it is important that service to the DSIs remain responsive to changing conditions and not be locked in for more than the duration of this contract.

Although we have focused our comments on the aluminum industry, much as BPA has done in its policy development, we want to also stress our support for continued service to the Port Townsend Paper Corporation. BPA agreed to provide service to Port Townsend as part of the agreement to remove the Elwha River dams. We believe that that commitment should continue to be honored.

BPA has done an exemplary job in providing a transparent and participatory process to help it resolve questions about service to the direct service industries. We hope our comments are helpful in enabling BPA to come to a conclusion that satisfies the diverse interests of the region without sacrificing equally important budgetary commitments to such items as conservation, fish and wildlife obligations and capital improvements on the FCRPS itself.

Sincerely,



Tony Usibelli  
Assistant Director